
Finance Committee

HB 3259

Brief Description: Addressing the financing and operation of port districts.

Sponsors: Representatives Hunter, Hudgins, Schual-Berke, Upthegrove and McIntire.

Brief Summary of Bill

- Prohibits a port district with a population over one million from using banked levy capacity until July 1, 2010, to pay, secure, or guarantee bonds issued after the effective date of the bill.
- Establishes a committee to examine the operation, funding, potential consolidation, and governance of port districts.

Hearing Date: 2/1/08

Staff: Jeff Mitchell (786-7139).

Background:

Port districts are authorized for the purpose of acquisition, construction, maintenance, operation, development, and regulation of harbor improvements, rail or motor vehicle transfer and terminal facilities, water and air transfer and terminal facilities, or any combination of these facilities. Port districts are governed by a board of commissioners consisting of either three or five members in accordance with specified statutory criteria.

Port districts may levy a general purpose property tax up to 45 cents per thousand dollars of assessed value. Currently, seventy-three port districts levy this tax. Ports district also have authority to levy a property tax exclusively dedicated to the payment of principal and interest on general obligation bonds. This tax does not have a specific statutory rate cap. Currently, nine port districts levy this tax. Port districts also have authority to levy two other property taxes at a rate of 45 cents per thousand dollars of assess value. These taxes must be used for industrial development or dredging, canal construction, or land leveling or filling purposes.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A port districts ability to levy a property tax is unique in that districts are not subject to the one percent constitutional limit on taxation. However, port districts are subject to the one percent statutory revenue limit. This limit requires a district's tax rate to be reduced as necessary to limit the total amount of property taxes to the highest property tax amount in the three most recent years, plus 1 percent, plus an amount equal to last year's tax rate multiplied by the value of new construction in the district. This limit acts to reduce district rates below the maximum rate allowed for the district. The law allows taxing districts, including port districts, that have voluntarily imposed property taxes below the maximum revenue limit to calculate the revenue limit as if the district had imposed the maximum. The difference between the actual tax amount levied and the maximum allowable amount is called "banked levy capacity."

Port districts may issue general obligation bonds. The amount of outstanding nonvoter approved indebtedness is limited to one-fourth of one percent of the value of the taxable property in the district. Upon approval by at least three-fifths of the voters, a port district may increase the amount of outstanding indebtedness to three-fourths of one percent of the value of the taxable property in the district.

Summary of Bill:

Until July 1, 2010, a port district with a population of one million or more is prohibited from using banked levy capacity to pay or secure bonds issued after the effective date of the bill.

A government accountability and review committee on port district finance, governance, and management is created. The committee is directed to: (a) examine the finance, governance, expenditure, and management of Washington port districts as well as port districts in other states and countries that compete with Washington port districts; (b) study alternative funding and taxation mechanisms for Washington port districts; (c) examine the potential consolidation of port districts or port district operations; (d) examine the potential separation of air and sea port operations; and (e) consider whether large port districts should be governed wholly or partially by county legislative authorities. The committee consists of four legislative members and six members recommended by the governor from various local governments to serve as an advisory panel. The committee is required to report its initial actions to the governor and appropriate legislative committees by December 1, 2008, and to report its final findings and recommendations to the same bodies by December 1, 2009.

Appropriation: None.

Fiscal Note: Requested on January 28, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.